



Drinking Water Rate, Water Use and Customer Analysis

December 2004

Community drinking water providers, such as municipalities, rural water districts, and mobile home parks, need to review their rates every year to maintain satisfactory financial status. Noncommunity drinking water providers, such as schools, churches, and businesses, also need to review revenues, expenses, and water use every year to sustain a good financial standing. The cost of living continually increases, which means the cost to provide drinking water goes up as well. Pretty soon, the provider is unable to meet its needs and obligations. A wise drinking water provider will ensure that current rates are adequate to meet both current and future needs.

A good rate analysis will:

- Show current and future financial standing under various scenarios
- Show the effects of fixed and variable expenses on rates
- Develop proposed rates that are adequate, equitable, proportional to the cost to serve, and justifiable
- Provide supporting documentation on grant and loan applications
- Provide evidence of revenue lost due to water loss.

Drinking water providers wishing to examine their rates can:

- Hire a financial consultant to perform a rate study
- Do their own analysis. Several organizations offer software that can be downloaded from the internet, including the American Water Works Association Small Utility Network Web site <http://www.awwa.org/science/sun/>.
- Obtain a small utility rate application from the Indiana Utility Regulatory Commission (IURC), (317) 232-2700. Utilities subject to IURC jurisdiction need to comply with IURC rules and procedures. Assistance is available to complete the small utility rate application from the Office of the Utility Consumer Counselor (OUCC), (888) 441-2494.
- Request the Indiana Department of Environmental Management assist in performing an analysis. *Existing small Indiana Public Water Supplies are eligible for this no cost analysis assistance.* To request assistance, call the IDEM Drinking Water Compliance Assistance Program at (317) 308-3321.

For more information or to request a rate analysis, contact us!

By mail:

Indiana Department of Environmental Management
Office of Water Quality
Drinking Water Branch Compliance Assistance Program
100 N. Senate Ave., Mail Code 6634
Indianapolis, IN 46204

By phone:

(800) 451-6027 or (317) 308-3321

At our Web site:

<http://www.in.gov/idem/water/dwb/index.html>